

MEMORANDUM

TO: PIP Lenders and Community Agents

FROM: Bill Parker, Property Improvement Program Coordinator

SUBJECT: Program Changes

DATE: April 10, 2007 (Effective April 16, 2007)

This memorandum is intended to announce the following changes to the MSHDA Property Improvement Program (PIP):

- **Change in Income Limits and Interest Rates Table**
- **Lower Rate For Top Interest Rate in Approved Target Areas**

Change in Income Limits and Interest Rates Table

There is a new schedule for PIP interest rates and corresponding income as outlined below:

Owner Occupied Properties:

Gross Annual Household Income	Interest Rate
Up to \$19,999	4.00%
\$20,000-39,999	6.00%
\$40,000-\$72,250	8.00% (6% if LTV < 80% OR If project is in MSHDA approved target area)

Non-owner Occupied Properties:

Gross Annual Household Income	Interest Rate
Any Amount	8.00%
If project is in MSHDA Approved Target area and LTV < 80%	6.00%

Lower Rate For Top Interest Rate if Loan is over \$7500 and In MSHDA Approved Target Areas

MSHDA is encouraging the targeting of resources by Cities and Villages to strategic areas of the community. These are generally areas designated by the local unit of government where neighborhood revitalization is planned and/or occurring, in and around downtowns or other traditional centers of commerce. These areas are generally high-density, mixed-use, pedestrian-friendly neighborhoods.

These target areas could be in and around a downtown where the following activities are occurring:

- MSHDA or local funded Downtown Rental Rehabilitation Program (DRR)
- Mainstreet Program (MSP)
- Blueprint for Downtown or Neighborhood Program (BNP)
- Cool City Neighborhood (CCN)

Other areas not necessarily Downtown, could include the following areas:

- Neighborhood Preservation Program (NPP) areas
- Neighborhood Enterprise Zones (NEZ)
- Empowerment Zones (EZA)
- Enterprise Communities (ECA)

PIP loan interest rates will cap at 6% for owner-occupied loans in the above MSHDA approved areas if the loan amount is \$7500 (including origination fee) or greater. The rate will also cap at 6% for non owner-occupied REMODLR loans in these areas if; the combined or cumulative loan to value (LTV) of the PIP loan plus a first mortgage loan on the property does not exceed 80%.

Application for Neighborhood Designation

A local unit of government must apply to MSHDA for special designation for the reduced PIP interest rate(s) for the target areas. The application must include a map with the geographical boundaries of the neighborhood(s) designated. **A City or Village can designate up to 20% of the geographic area of the City or Village.** These areas are also subject to MSHDA approval.

There must be verification in the PIP loan file that a specific property is in the approved designated area when a PIP/REMODLR loan is submitted to MSHDA loan for approval.

Revised PIP brochures and forms that reflect changes are forthcoming. Please call Jodi Pulido at 517-373-1974, or me at 517-373-1462 if you have any questions.